

107-3159

23 JUN 1976

MEMORANDUM FOR: Deputy Director for Administration

FROM : James H. McDonald
Director of Logistics

SUBJECT : Proposed Closing of the Rendezvous Room

REFERENCE : Letter dated 16 April 1976 to C/LSD from
GSA, same subject

1. This memorandum contains a recommendation for your approval; such recommendation is contained in paragraph 11.

2. Mr. Robert D. Marcus, Director of Concessions Division, General Services Administration (GSA) advised this office by letter received on 20 April 1976 that the Rendezvous Room has been operating at a deficit averaging \$84.16 daily. Mr. Marcus advised further that he has been working with Government Services, Inc. (GSI) in a concerted effort to eliminate all services that are non-essential and unprofitable. On this basis, Mr. Marcus has proposed that the Rendezvous Room be closed permanently and an effective date of 30 April was requested.

3. In an effort to respond to Mr. Marcus' letter, an attempt was made to contact him on 21 April. Mr. Stoessel, Chief, Food and Vending Operations Branch, advised that Mr. Marcus was out of town and would not return until 30 April. Mr. Stoessel agreed, however, to suspend action on closing the Rendezvous Room until the matter could be thoroughly examined.

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4. A meeting was convened on 30 April in the Office of the Chief, Logistics Services Division, Office of Logistics, for the purpose of reviewing GSA's proposal and the status of other GSI operations conducted in support of the Central Intelligence Agency (CIA). In attendance were: Messrs. [redacted] representing CIA; Robert D. Marcus

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and Gilbert Stoessel, representing GSA; and Clifton M. Truesdale, Vice President for Operations, GSI. Mr. [] advised that the Rendezvous Room is considered to be a very important part of the food service program at CIA and any proposal to eliminate or alter any portion of this program would be evaluated on the basis of the impact on CIA. Expenses and revenue statistics covering the Rendezvous Room's business activity were presented by GSI in support of their proposal, along with similar information covering the evening and Saturday service in the North Cafeteria. It was noted that past attempts to remedy the problem by introducing price increases have been counterproductive inasmuch as the resulting decline in patronage forces the deficit to increase. It was further noted that, in view of their inability to reverse this deteriorating situation, GSI has closed several other buffets in the Washington area. The meeting was closed with our request for additional information to cover the remaining GSI activities in the Headquarters and Ames Buildings.

5. The Rendezvous Room is generally considered by Agency employees to be a valuable asset. The fairly quiet, unhurried, and uncrowded atmosphere, together with the reserved table feature, make it an ideal location for entertainment of official guests by employees who are not eligible to use the Executive Dining Room. Should this facility be closed, the only available alternatives are the North Cafeteria, where the atmosphere is not conducive to relaxed conversation, or any of the several restaurants in the McLean and Tysons Corner area, where both time and expense are discouraging factors.

6. No attempt is made to hide the fact that there are abuses. On one occasion, Mr. Arnold, the Cafeteria Manager, observed one woman who, after consuming 12 pieces of chicken, attempted to conceal an additional 5 pieces in her handbag. Once she realized that she was being observed, she returned the chicken to her plate and departed hastily. This is not an isolated case, of course, and abuses of this nature contribute to the deficit. Abuses and deficit notwithstanding, feelings run strong that the Rendezvous Room is a valuable asset and should be retained.

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7. In contrast, we have found that there are two services that appear to be underutilized and could be discontinued with minimum impact. The service provided in the North Cafeteria each evening between 1730 and 1900 hours currently attracts an average of only 87 patrons with sales averaging \$99.18. This results in a deficit of \$42.40 each day. Statistics indicate that only a very few of these patrons purchase full meals while most patrons buy desserts, snacks, and coffee. The remainder of the work force in the building at night apparently takes advantage of the vending machines or bring their lunches from home.

8. Similarly, the North Cafeteria is opened between 0900 and 1300 hours on Saturday and serves an average of 149 patrons with sales amounting to \$149.16. Here again, most sales are in the snacks and coffee category, and GSI suffers a deficit of \$44.40 each Saturday. The combined deficit for both of these activities is projected to be \$13,332 during calendar year 1976.

9. GSI has advised that they would be willing to expand their vending machine activity to accommodate our evening and Saturday workers if these two services are discontinued. GSI has indicated further that they will accommodate any special situations that may arise at night or on Saturday in the future.

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11. In order to increase GSI's profit margin with minimum impact on this Agency, it is recommended that:

a. Evening and Saturday service in the North Cafeteria be discontinued; and

b. The proposal to close the Rendezvous Room be denied.

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James H. McDonald

Att:
Reference

APPROVED: _____

DISAPPROVED: _____

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